

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	14000	12875	-8.0%	Pmx 1 month forward	15650	15100	-3.5%
Cape Q422	16750	16925	1.0%	Pmx Q422	16650	16162.5	-2.9%
Cape Cal 23	14750	14812.5	0.4%	Pmx Cal 23	13100	12875	-1.7%

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Smx 1 month forward	19250	19900	3.4%	Brent	92.76	93.46	0.8%
Smx Q4 22	17675	17950	1.6%	WTI	87.13	87.95	0.9%
Smx Cal 23	13825	13750	-0.5%	Iron ore	105.55	101.55	-3.8%

Iron Ore

Source FIS/Bloomberg

Iron ore dropped for a fourth day as fears over weak demand from China’s ailing property sector-maintained pressure on prices. The raw material for steelmaking is sliding close to the key \$100 a ton level with the turbulence across China’s economy hurting sentiment. Premier Li Keqiang urged six key provinces to step up pro-growth measures, but there’s growing skepticism around any significant recovery in China’s commodities demand this year (Bloomberg). The downside move in the futures traded below the USD 104.70 fractal support in the Asian day session with the Sep contract trading to a low of USD 100.70. The technical is bearish, the downside breakout is suggesting the USD 95.50 support will come under pressure. We remain cautious outside of the technical purely based on the possibility of new stimulus measure being introduced.

Copper

The futures have come under pressure today with price trading at the base of the EMA resistance band. We noted on the morning technical that price could be vulnerable to a test to the downside due to the MA on the RSI. This move lower is on the back of a negative divergence with the futures looking like they have broken intraday trend support. if we hold below the support then we target the USD 7,810 – USD 7,602 levels in the near-term, with the potential to trade even lower.

Capesize

The index has not stopped the rot, but it is USD 195 higher today at USD 8,978. The is the lowest pricing for Mid-August since 2016, in fact since the new index was introduced, the only time it has be lower was in 2016. Now the cape market is just a little bit depressing with the September contract down another USD 1,125 today at USD 12,875, price is making new lows, but we have a positive divergence in play, warning the intraday might be a little oversold at this point. Do you sell Sep capes in Mid-August when the index is approaching historical seasonality lows? It’s a dangerous play. September has rallied 62.5% of the time in the last eight years, a weak statistic I hear you say. The two worst performing years going into September were 2015 and 2016. In 2015 we rallied 66.89% and in 2016 we rallied 88.86%. If we stay around these levels then expect a bullish September, if you see a significant rally before September 1st, then taper your expectations as the move will be less aggressive and may even fail to hold.

Panamax

Downside momentum in the index is picking up with price USD 411 lower at USD 14,906. From a technical perspective the Sep contract is unchanged, the breakout below USD 16,500 had bearish implication going forward and this is proving to be the correct. Price is USD 550 lower today at USD 15,100 with our next target (sorry support) at 14,625. Based on today's weakness and the daily 5 period ATR being at USD 989, one would expect that this level could possibly be broken by lunchtime.

Supramax

It is almost staggering to see the Supramax up again when the larger sector sentiment is so poor, but we are. The index moved another 365 higher today to close at USD 18,251. The Sep futures responded with a USD 650 move higher, to close the day at USD 19,900, meaning we are at the upper end of the little resistance zone that I highlighted on the morning technical. If we trade above USD 20,000, we have further resistance at USD 20,212 and USD 21,050. However, I will maintain my view based on our E-wave analysis that this move is countertrend. I might have a little egg on my face at the moment, but I don't think this downside move is done.

Oil

WTI oil continues to trade near multi-month lows after the release of the EIA Weekly Petroleum Status Report. The report indicated that crude inventories declined by 7.1 million barrels from the previous week. Analysts expected that crude inventories would decline by just 0.3 million barrels. Gasoline inventories decreased by 4.6 million barrels, while distillate fuel inventories increased by 0.8 million barrels (Bloomberg). Having broken to the downside yesterday the futures have remained resilient today with price moving USD .92 higher. Technically bullish no, but we are seeing the intraday technical form a small base around this level, warning we could see a small to the upside in the near-term. As noted in the morning technical, the 1-hour futures were in divergence with price having already slowed the downside move before the inventory data; however, this technical remains bearish below USD 97.36 and neutral above. Only above USD 100.38 is the technical bullish, suggesting it has a lot more upside work to do if it is to convince buyers that now is the time to enter the market. Downside moves below USD 91.51 will warn the at the USD 89.32 support could come under pressure. Technically bearish but moving higher on the intraday.

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